

Position 7

USDA-FmHA  
Form FmHA 426-2  
(Rev. 3-14-79)

PROPERTY INSURANCE MORTGAGE CLAUSE  
(WITHOUT CONTRIBUTION)

Loss or damage, if any, under this policy, shall be payable, first to \_\_\_\_\_

first mortgagee (or trustee), and balance on, if any, to \_\_\_\_\_

\_\_\_\_\_, second mortgagee (or trustee), and

\_\_\_\_\_, third mortgagee (or trustee), as their respective interests may appear under any present or future mortgages, with the right to grant partial release of mortgage without notice to this Company, and this insurance, as to the interest of the mortgagees (or trustees) only therein, shall not be invalidated by an act or neglect of the mortgagor or owner of the within-described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided that the mortgagees (or trustees) shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagees (or trustees) and, unless permitted by this policy, it shall be noted thereon and the mortgagees (or trustees) shall, on demand, pay the premium for such increase hazard for the term of the use thereof; otherwise this policy shall be null and void.

This Company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagees (or trustees) for 10 days after notice to the mortgagees (or trustees) of such cancellation and shall then cease, except that if the cancellation notice is issued for nonpayment of premium, the Company shall continue the policy in force upon notification from the mortgagees (or trustees) of their intent to pay the premium for the mortgagor or owner.

Whenever this Company shall pay the mortgagees (or trustees) any sum for loss or damage under this policy, and shall claim that, as to the mortgagor or owner, no liability therefor existed, this Company, to the extent of such payment, shall be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may, at its option, pay to the mortgagees (or trustees) the whole principal due or to grow due on the mortgage, with interest accrued thereon to the date of such payment, and shall thereupon receive a full assignment and transfer without recourse of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagees (or trustees) to recover the full amount of its claim.

This mortgage clause supersedes any other mortgage clause in or attached to the policy.

Attached to and forming part of Policy No. \_\_\_\_\_ of the \_\_\_\_\_

Insurance Company of \_\_\_\_\_

Date \_\_\_\_\_, 19\_\_\_\_ Signed \_\_\_\_\_ (Authorized agent)

Name of Borrower(s) \_\_\_\_\_

NAMES OF THE INSURED, THE MORTGAGEE(S) AND THE FmHA OFFICE ADDRESS SHOULD APPEAR ON THE INSURANCE POLICY EXACTLY AS THEY APPEAR ON THIS FORM.

All notices to be given to the United States of America shall be addressed to:  
FARMERS HOME ADMINISTRATION

(Address)

RELEASE OF MORTGAGE INTEREST

It is understood and agreed that the interest of the United States of America in the property insured hereunder

ceased as of \_\_\_\_\_ (Date of final payment) and that the Government shall

have no interest in any loss or damage to such property occurring thereafter.

UNITED STATES OF AMERICA

(Title)

FARMERS HOME ADMINISTRATION  
UNITED STATES DEPARTMENT OF AGRICULTURE.

FmHA 426-2 (Rev. 3-14-79)

Used in connection with property insurance written by a company other than contract company for borrowers with direct and insured real estate loans.

To be made available by County Supervisors and the Finance Office to Insurance Companies or Agents, upon request, for attachment to property insurance policies, except in those States where another form has been approved and authorized for use by the National Office.

Upon notice in the County Office that the loan has been paid in full, the County Supervisor or the County Supervisor's delegate will execute the Release of Mortgage Interest before transmitting the policy to the owner.

PROCEDURE REFERENCE

: FmHA Instructions 426.1, 1945-B, 1945-C, and 1962-A.

PREPARED BY

: Company or Agent.

NUMBER OF COPIES

: See under distribution.

SIGNATURES REQUIRED

: Company or Agent.

DISTRIBUTION OF COPIES

: Direct and Insured Loans Secured by a First Lien: Original signed by Company or Agent and attached to original insurance policy submitted by the borrower.

: Direct and Insured Loans Secured by Other Than a First Lien: Ample copies will be furnished to the Company or Agent to provide a signed form for each lienholder and two copies for the Company or Agent.

2-23-80  
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